

The background of the slide is a solid teal color. Overlaid on this is a faint, light-blue map of North Carolina. Within the map's outline, there are several semi-transparent images: a mountain landscape in the upper left, a group of people walking on a path in the upper center, two construction workers in hard hats and safety vests in the middle right, and a large truck on a highway in the lower right.

Funding Action Team Presentation:

Transportation Needs and Funding Alternatives

Transportation Summit Funding Action Team

- **One of nine Action Teams formed at the 2003 Transportation Summit.**
- **60 members of the transportation community (public, private, advocacy).**
- **Meet monthly to develop and implement action plans.**

Team's Charge – Actions from 500+ Attendees of 2003 Transportation Summit

- 1. Increase diesel and gas taxes to more appropriate levels and identify additional sources of funding, including: regional funding, impact fees, tolls, payroll fees, local option taxes and other user fees.**
- 2. Look for best practices for restructuring needs.**
- 3. Encourage and advocate for Michigan's Congressional delegation to support a growing six-year bill that provides a 95% rate of return for Michigan.**

Team's Charge – Actions from 500+ Attendees of 2003 Transportation Summit

- 4. Education of the public and elected officials to understand the cost and complexities of constructing and maintaining the transportation system.**
- 5. Look for best practices for restructuring transportation funding and allocation.**

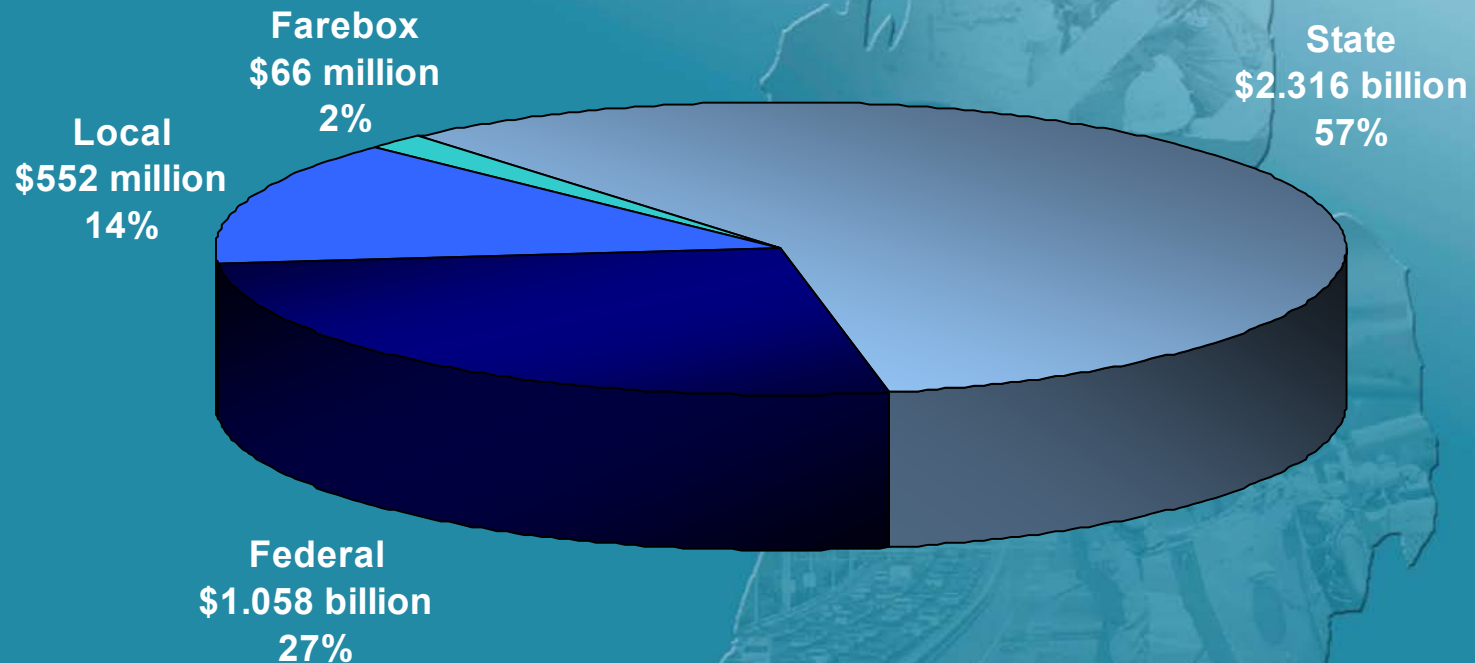
Transportation Funding in Michigan



- Overview
- Challenges
- Potential Solutions

Federal, State, and Local Funding for Local Transit and Highways in Michigan

In 2004 \$3.9 Billion available for Transit and Highways in Michigan



The 3 Levels of Road Jurisdiction

The background of the slide features a light blue map of Michigan. Overlaid on the map are several semi-transparent images: a road winding through a forested area at the top, a group of people walking on a path in the middle, a white school bus in the lower middle, and a construction worker in a hard hat and safety vest at the bottom right.

1. State Highways
(I, M, US Routes)

9,715 Miles

2. County Roads

89,750 Miles

3. City and Village Streets

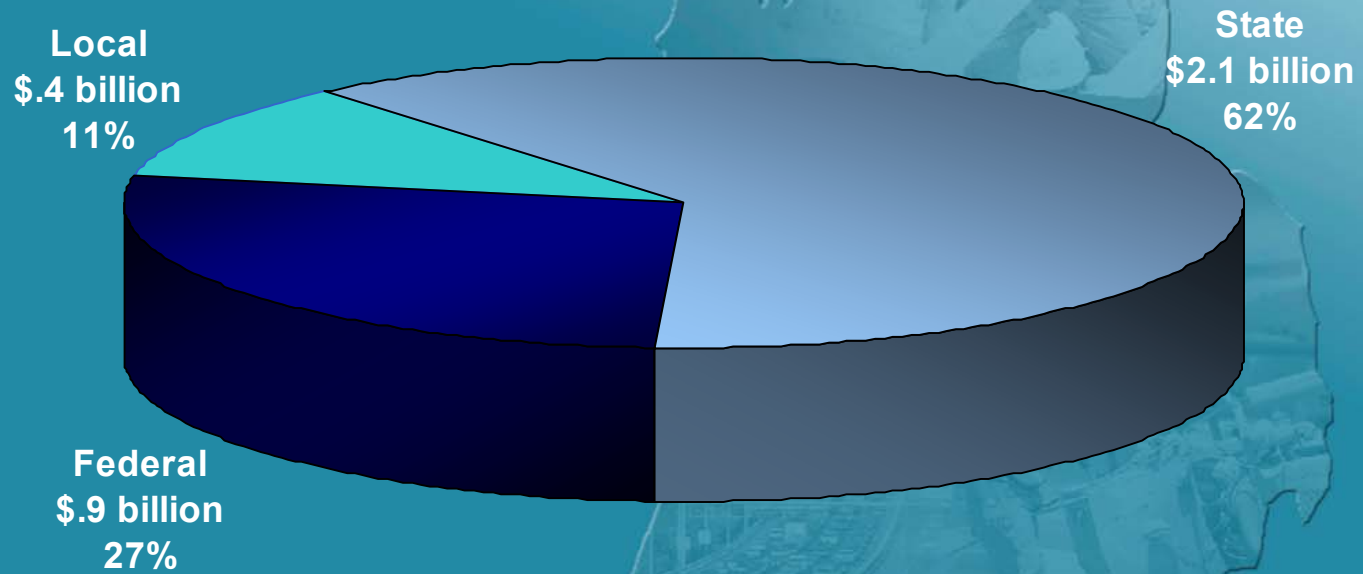
20,750 Miles

Total:

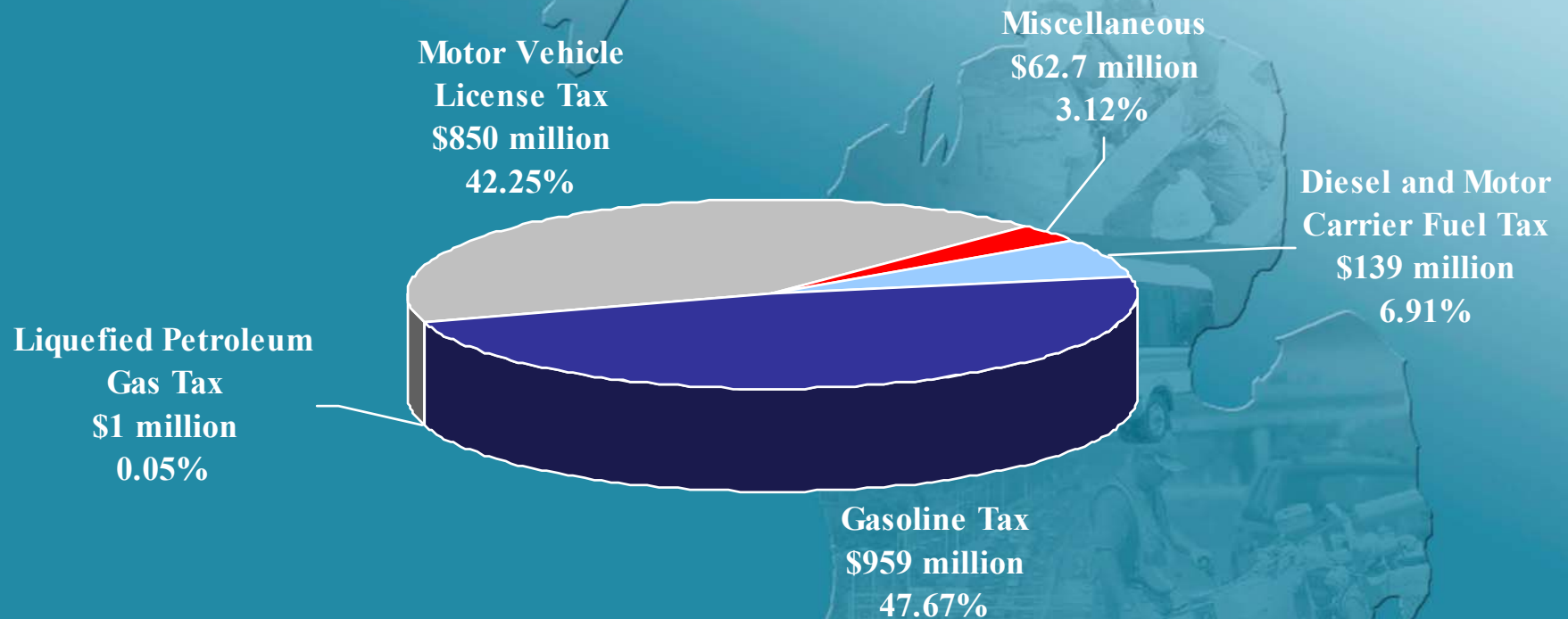
120,215 Miles

Where does road funding come from?

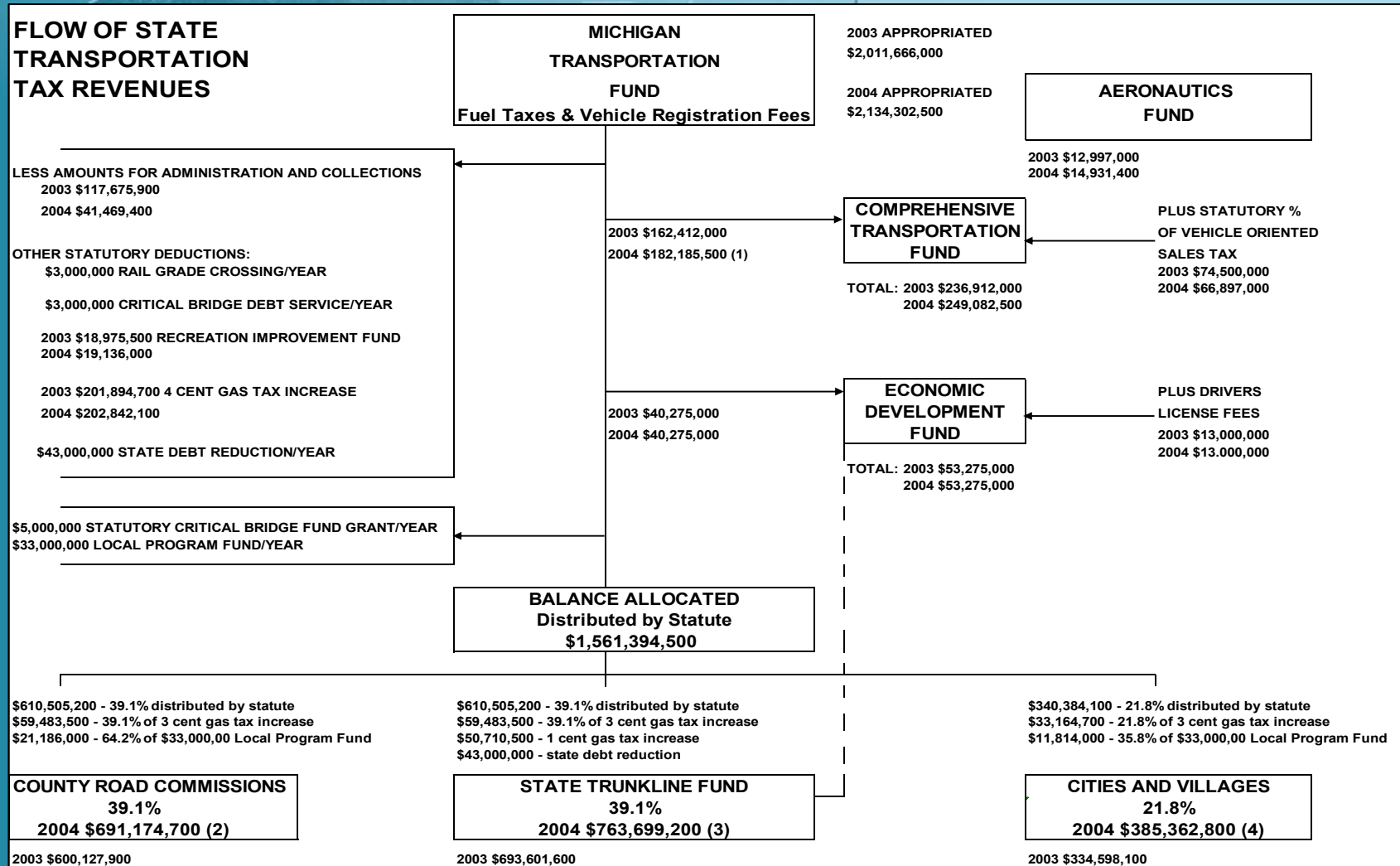
In 2004 \$3.4 billion available for roads



Sources of Michigan Transportation Fund Revenue



Michigan Transportation Fund Formula



(1) This chart does not reflect the one time transfer of \$10M in 2004 from the Comprehensive Transportation Fund to the State Trunkline Fund authorized in PA 151 of 2003.

(2) Actual appropriation \$637,523,400 plus share of \$33M for total of \$665,709,400

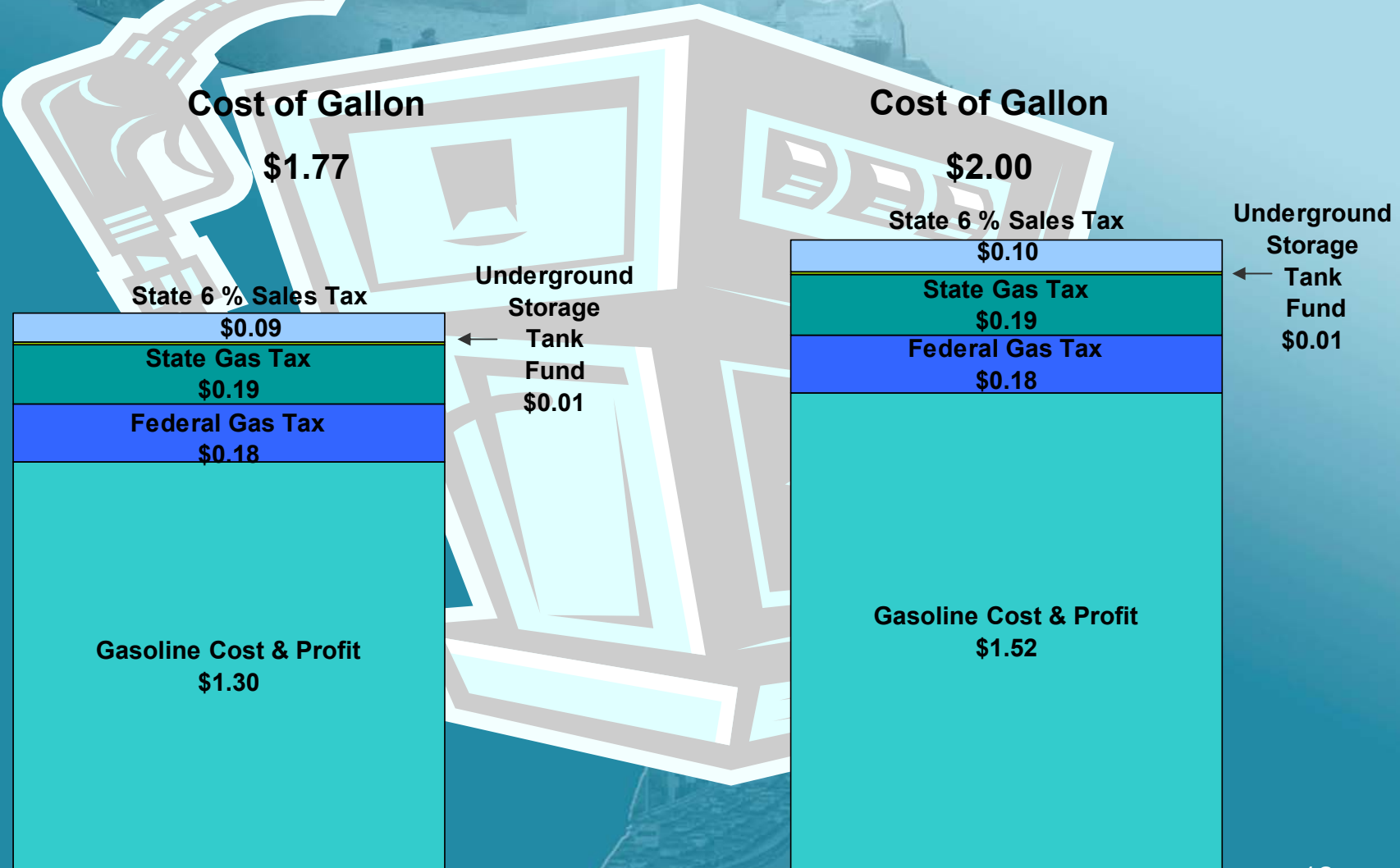
(3) Actual appropriation \$761,227,900

(4) Actual appropriation \$355,447,800 plus share of \$33M for total of \$367,261,800

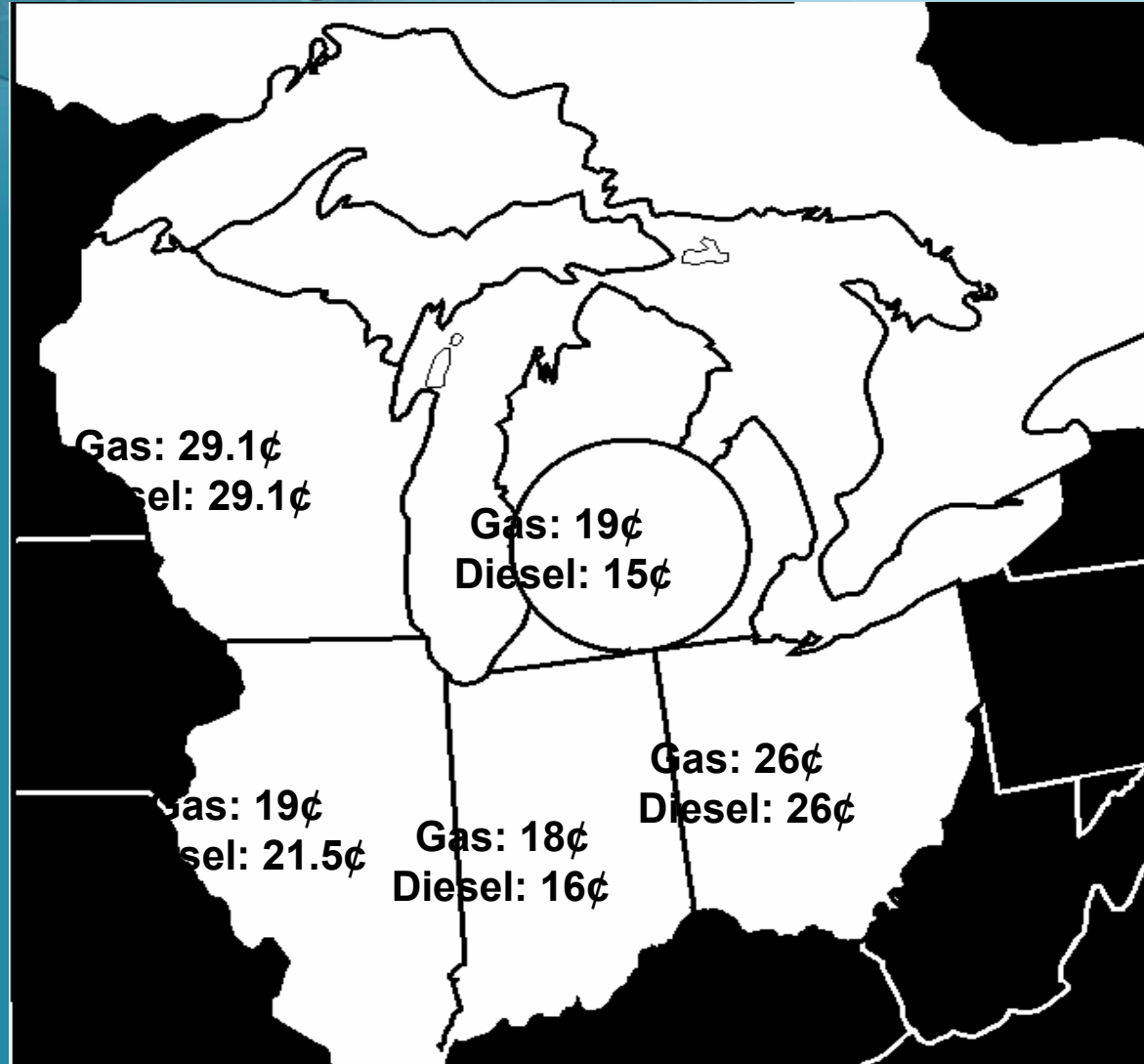
State Gas Tax

- 11 cents per gallon when raised in 1982 (indexed to inflation along w/registration fees).
- Increased 2 cents/gallon in 1983 and 1984.
- Reached “cap” level of 15 cents/gallon in 1984.
- Held steady at 15 cents for 13 years.
- Raised 4 cents per gallon in 1997 (“BMII”).
- Diesel tax remains 15 cents per gallon.
- More cars, efficiency, alternatives.
- Fuel tax growth at 1.3% per year.

Components of the Price of a Gallon of Gasoline



Gas & Diesel Tax Rates of Neighboring Jurisdictions (per gallon)



Vehicle Registration Fees

The background of the slide features a light blue gradient with a faint, semi-transparent map of Michigan. Overlaid on the map are several small, semi-transparent images: a group of people riding bicycles, a car on a highway, and a car engine.

- **Historically based on vehicle weight.**
- **1970's gas crisis led to smaller cars and diminishing income.**
- **As part of 1982 transportation package, registration fees were tied to the value of the vehicle (ad valorem).**
- **Average license fee is ~\$100.**
- **Growth is roughly 7.0% per year.**

Local Road Funding in Michigan

Total local revenue contributed to road improvements throughout the state in 2004:

Approximately \$ 366 million

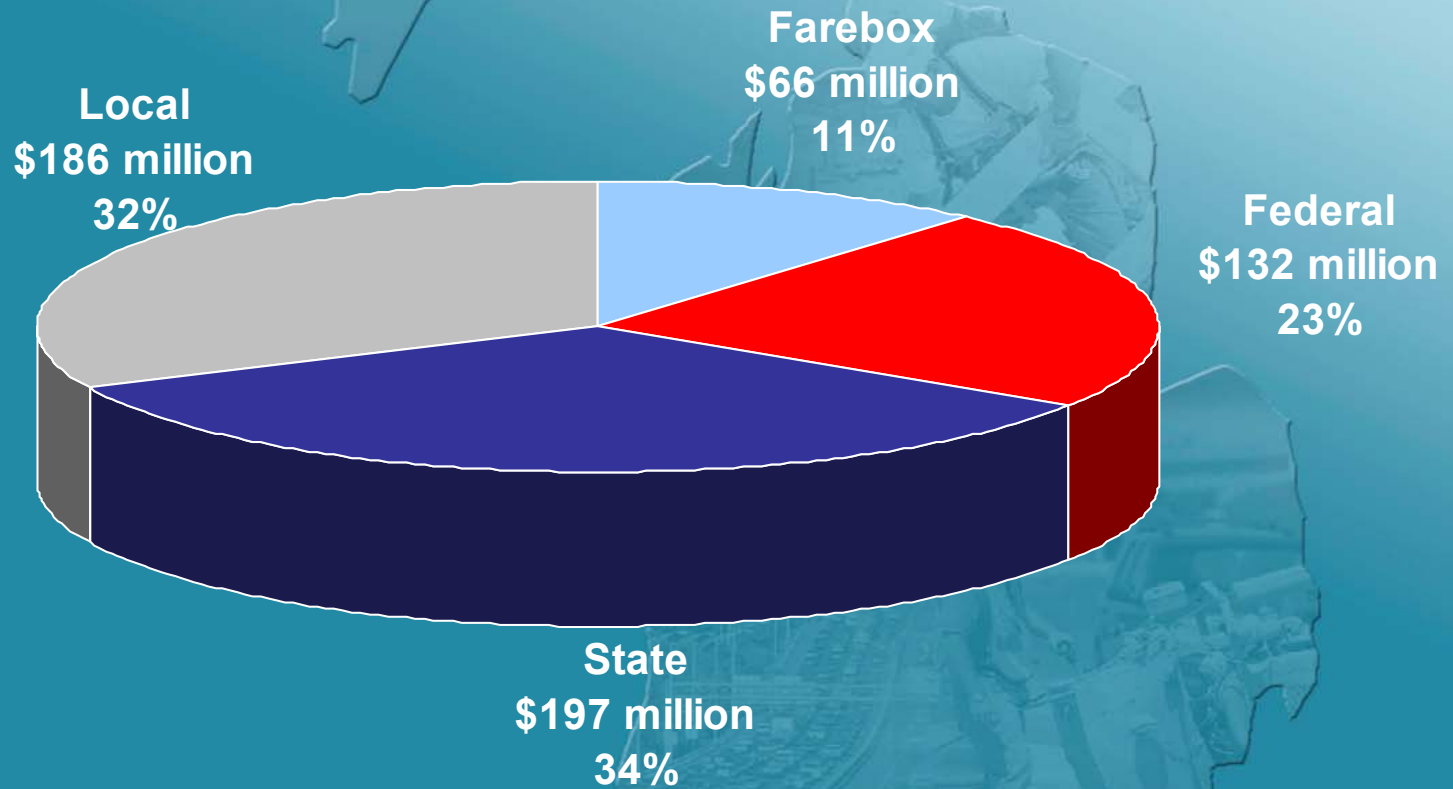
Sources

- **Countywide millages**
- **Township contributions**
- **Special assessments**
- **General obligation bonds**
- **Cities & villages**



Federal, State, and Local Funding for Local Transit in Michigan

\$582 million in 2004



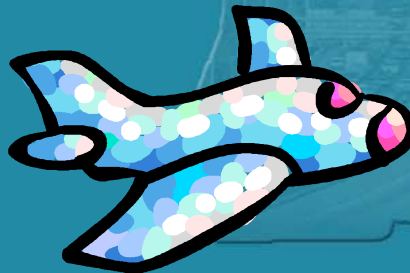


Transit Services

- **79 transit agencies, urban and rural, serving 89 million passengers.**
- **132 specialized service agencies transported 1.52 million passengers in 2003.**
- **12 local Rideshare Offices and 112 MichVan commuter vanpool groups.**
- **Ferry Services provided service to 566,000 vehicles and 937,000 passengers in 2003.**

What Does \$10 Million Dollars buy?

- 25 “urban” buses, or
- 1/3 mile of reconstructed urban freeway, or
- 20 miles of reconstructed railroad track, or
- 5 miles of runway for a General Aviation Airport, or
- 25 miles of resurfacing a rural 2 lane road, or
- Rehabilitation of 10 bridge structures.



The Value of Transportation

- Average Michigan resident pays equivalent of approximately \$29.99 each month in fuel tax and vehicle registration fees.

\$29.99

**Transportation in
Michigan is a
GREAT VALUE!**

Michigan's Transportation System



- **Provides Travel Options**
 - 120,000 miles of public roads
 - 79 Counties with Transit Service
 - 40 Marine Ports
 - 1,300 miles of Trails
 - 5 Round-trips by Train to Chicago Daily
- **Supports Tourism and Provides Access to Michigan's Natural Beauty**
 - 83 Rest Areas
 - 24 Scenic Turnouts
 - 50 Recreational Ports
 - 42 Million Visitors
 - \$15 Billion in Tourism Expenditures

Michigan's Transportation System

- Moves Products to Markets
 - 564 million Tons of Truck Freight
 - 116 million Tons of Rail Freight
 - \$592 billion in Goods within Michigan
 - \$480 billion in Goods Through Michigan
 - Support 4.6 million Job Statewide
- Spurs the Michigan Economy
 - 26,500 jobs from highway investment
 - 11,300 jobs from transit investments

A Transportation System with National & International Significance

- **27% of North American Land Based Trade.**
- **45% of North American Rail Trade.**
- **Busiest Border Crossings in US.**
- **7th in nation in tourism.**
- **2nd in number of miles of non-motorized trails.**
- **More commercial & recreational ports than any other Great Lakes state.**
- **7th busiest airport in nation based on operations.**

\$29.99

The background of the slide features a large, semi-transparent outline of the state of Michigan. Inside this outline, there are several smaller, semi-transparent images related to transportation: a forested landscape in the upper left, a group of people walking in the center, a construction worker in a hard hat in the middle right, a white bus in the lower middle, and a construction site with a worker in the lower right.

Michigan's Transportation Problems

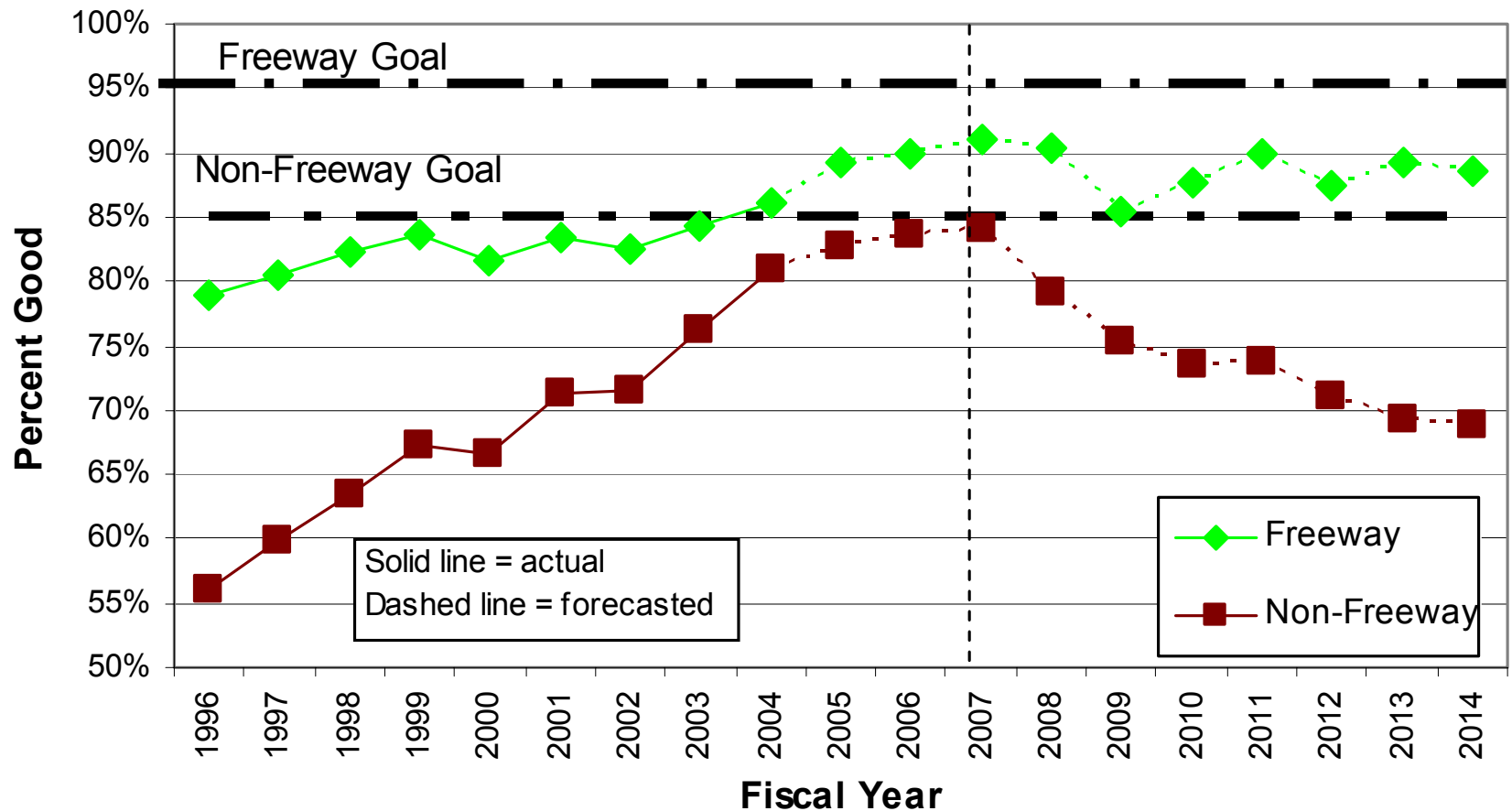
- 1. Sustaining Condition**
- 2. Addressing Congestion**
- 3. Providing Choices**

Reasons For Poor Condition



- Age of pavement
- Amount of traffic
- Freeze – thaw cycles
- Under funding

Statewide Trunkline Pavement Condition

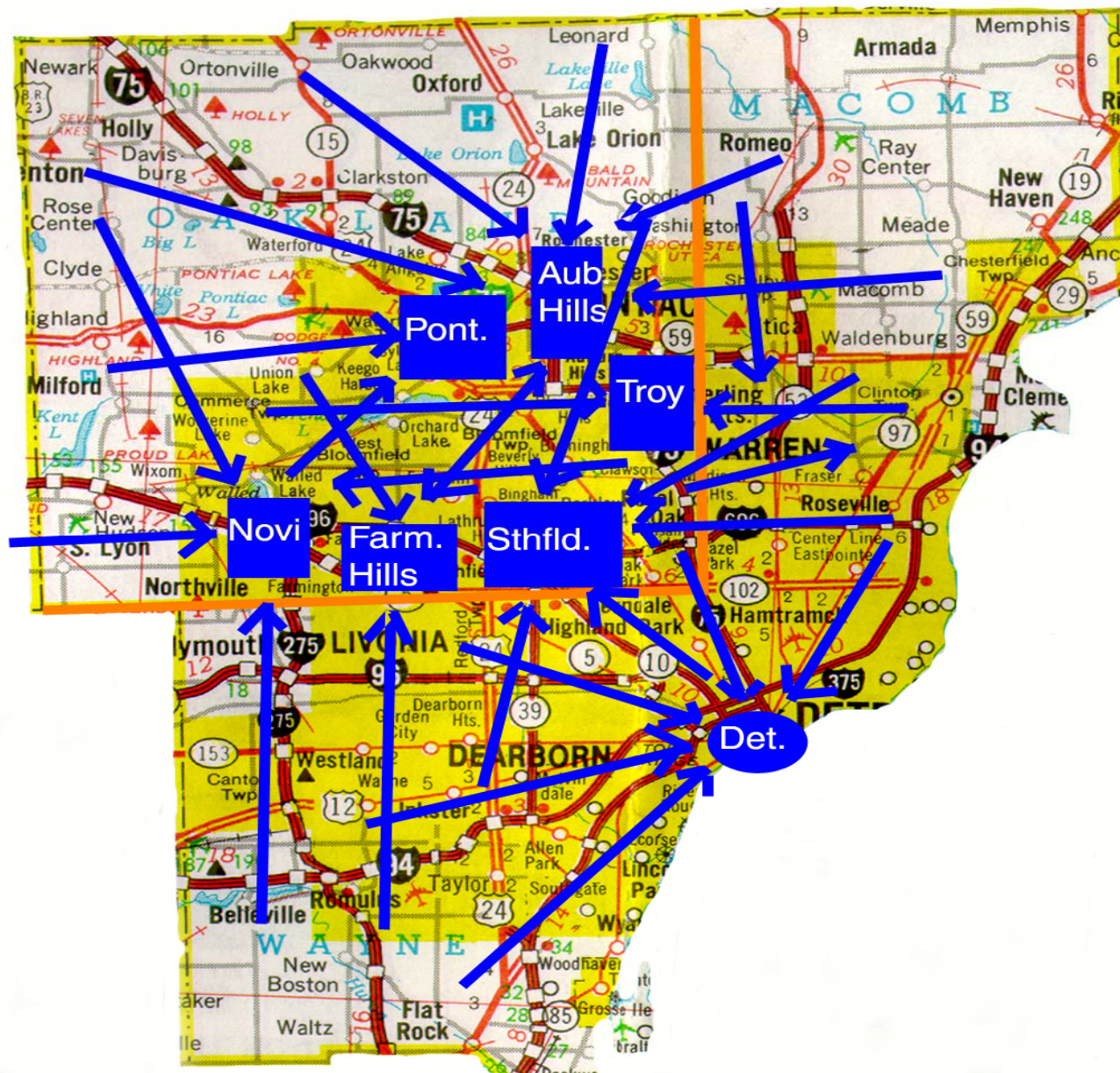


Why is There a Congestion Problem?

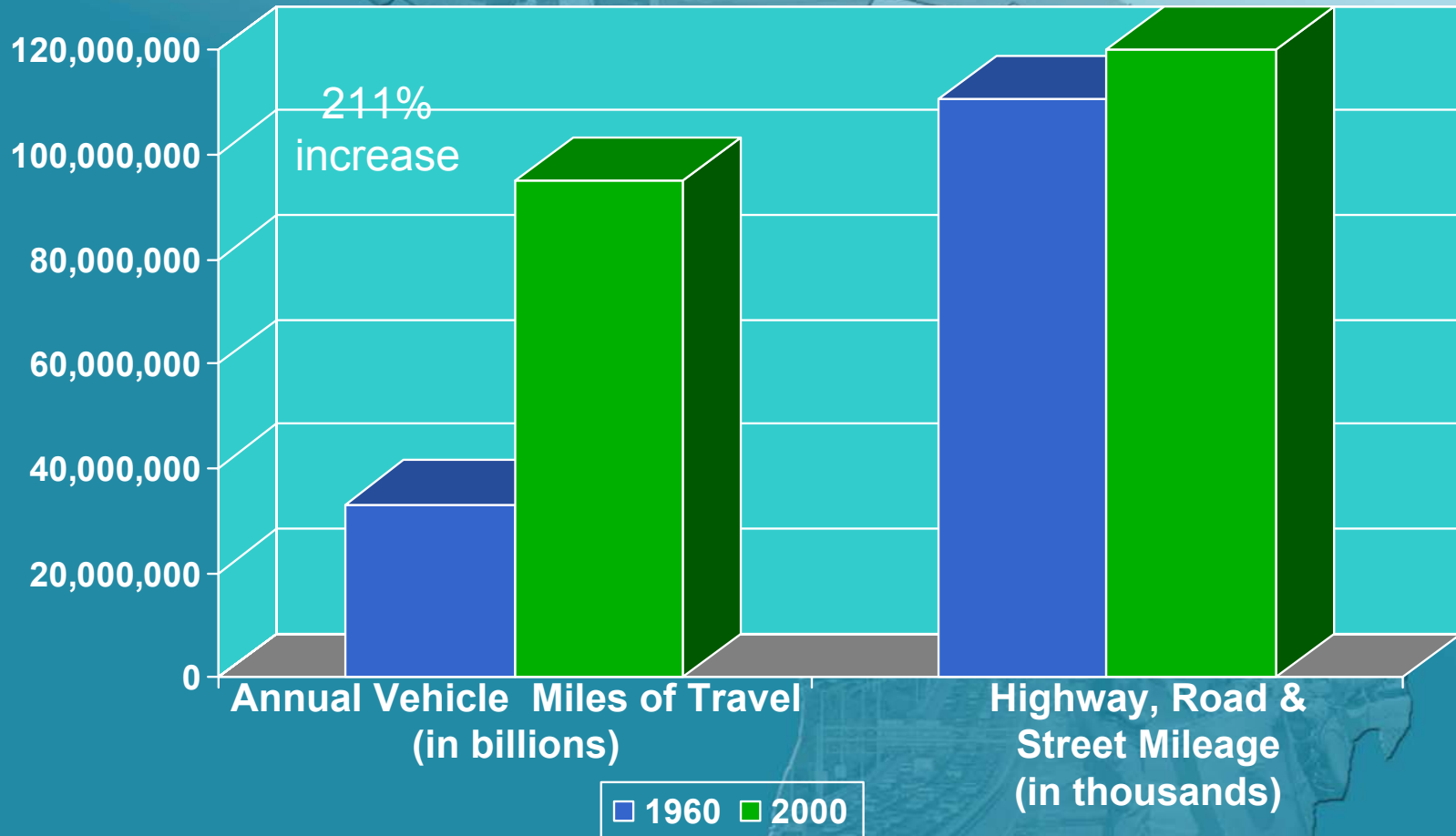


- Change in commuting patterns since 1960.
- No single, common commuter destination.
- Increased vehicles per family.
- Increased vehicle miles traveled per vehicle.
- Lower population density & free parking in suburbs are deterrents to transit.

Commuting Patterns



Traffic Growth

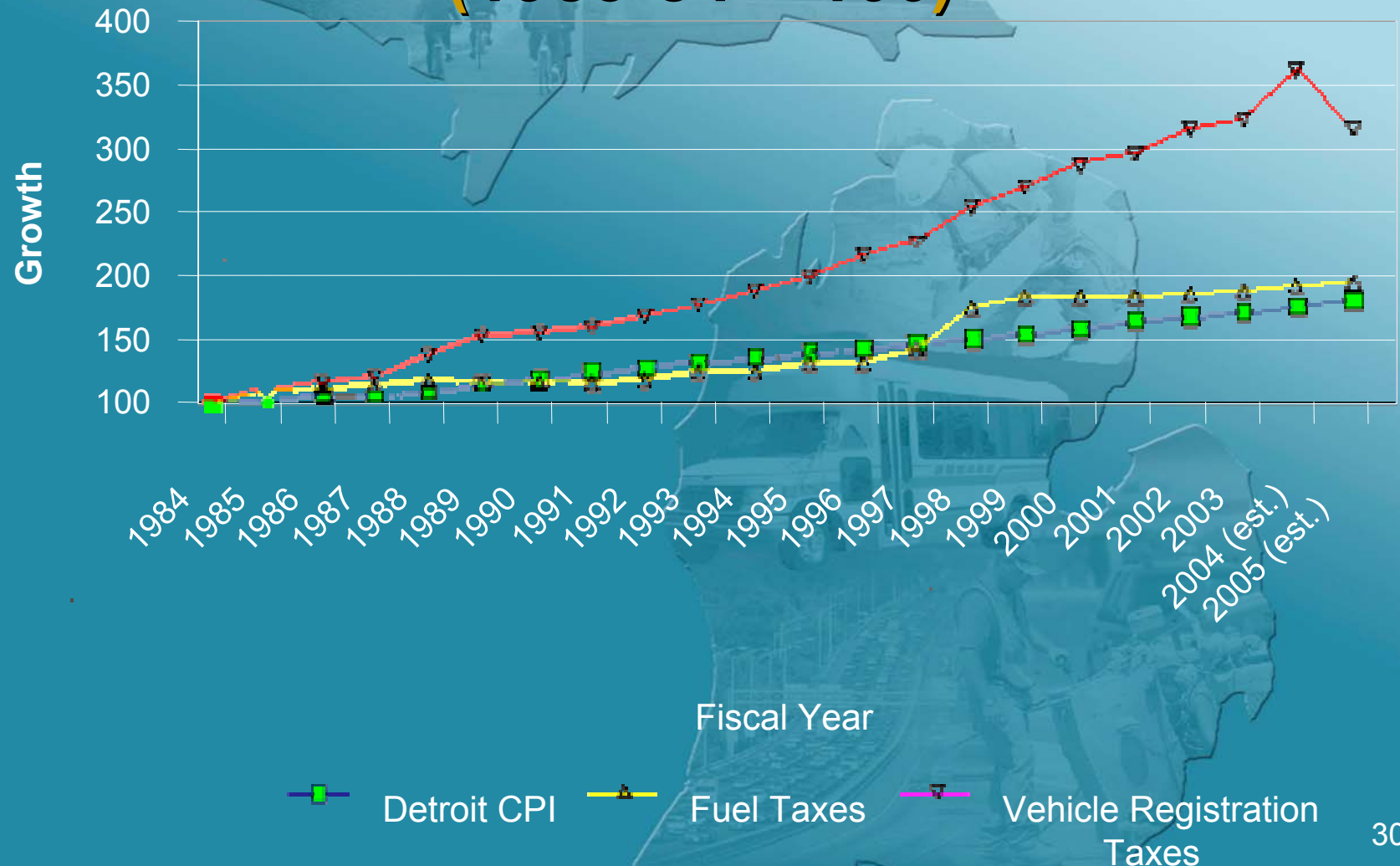


Choices

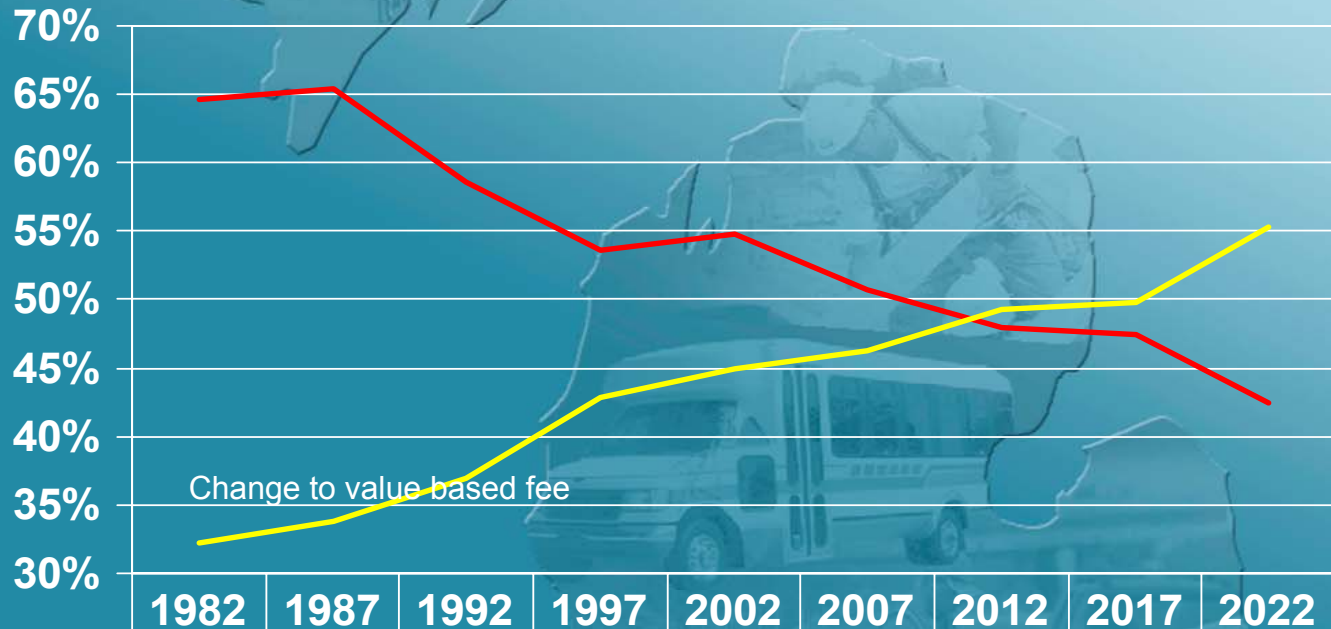


- Upgrade transit systems and alternative travel options.
- Manage access to major roads.
- Connect sub streets and local roads.
- Expand local road capacities.
- Provide intermodal connectivity (rail, truck, bus, car, pedestrian, etc.).
- Use Intelligent Transportation Systems (ITS) & High Occupancy Vehicle (HOV) Lanes.

CPI, Fuel Tax, and Vehicle Registration Tax Growth (1983-84 = 100)



Mix of Fuel Taxes and Registration Fees in MTF



— Fuel Tax	1982	1987	1992	1997	2002	2007	2012	2017	2022
	65%	65%	59%	54%	55%	51%	48%	47%	43%
— Registration	32%	34%	37%	43%	45%	46%	49%	50%	55%

State Transportation Revenue Levels

	Total AVMT millions	Total MTF Revenue millions	Total MTF Revenue 2003 dollars (millions)	Revenue per 1 million miles traveled 2003 dollars	% Change
1960	33,084	\$218	\$1,418	\$42,836	
2003	100,192	\$2,000	\$2,000	\$19,965	(53%)

*AVMT = Average Vehicle Miles of Travel

Michigan's Future

What will happen to our transportation system in the next ten years without any funding changes?

- **CONDITION** deteriorates
- **CONGESTION** worsens
- **CHOICES** diminish

The background of the slide is a light blue gradient. Overlaid on this is a faint, semi-transparent map of South Carolina. Within the map's outline, there are several small, faded images: a bridge, a road with cars, and a construction site with a crane. The text is positioned in the upper left and center of the slide.

Funding Gaps

(from various sources)

***\$700 million per year needed
for state roads & bridges.****

***SEMCOG \$33.6 billion per year over
26 years for roads, bridges, transit
& non motorized.***

***ASCE Infrastructure Report Card
38% roads in poor or mediocre
condition.***

**<http://www.tripnet.org/>*

We Cannot Expect Washington to Take Care of All Our Needs . . .



*Even if we get up
to \$300 mil/yr
back, how can we
increase the state
investment in our
roads, bridges
and transit?*

13 Potential Solutions

(Baker's Dozen)

Traditional Funding Sources

- 1. TEA 21 Fair Share (up to \$300 million/yr).**
- 2. Eliminate Interdepartmental Grants (\$45 million).**
- 3. Gas Tax Increase (1 cent = \$50 million).**
- 4. Diesel Fuel Tax Increase (1 cent = \$10 million).**
- 5. Registration Fee Increase.**


13 Possible Solutions

Non-Traditional Funding Sources

Can 20th Century revenue assumptions fund Michigan's 21st Century Transportation system?



13 Potential Solutions Non-Traditional Funding Sources

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- The background of the slide features a light blue map of Michigan. Overlaid on the map are several semi-transparent images related to transportation: a construction worker in a hard hat and safety vest, a white school bus, and a person standing next to a vehicle.
- 6. Index gas tax to inflation.**
 - 7. Local option fees & taxes.**
 - 8. Regional infrastructure initiative.**
 - 9. Toll roads.**
 - 10. Sales tax to replace gas tax.**
 - 11. Impact Fees (development).**
 - 12. User fee based on miles driven.**
 - 13. Sales tax on fuel into Michigan Transportation Fund.**

Thank you for your time!

Any Questions?